

KEYSPAN ENERGY DELIVERY NEW ENGLAND  
D.T.E. 05-68

SECOND SET OF INFORMATION REQUESTS OF THE  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY TO  
KEYSPAN ENERGY DELIVERY NEW ENGLAND

DTE-2-23

Date: February 14, 2006

Respondent: Leo Silvestrini

- Q. Please discuss whether the Company's End-Use Model output is more sensitive to demographic variable changes or to economic variable changes. For instance, explain whether a one percent increase in the employment rate or a one percent decrease in the price of natural gas would cause a greater increase in the demand for natural gas, assuming all else remains constant.
- A. The End-Use Model output is more sensitive to demographic variable changes because most of the demand comes from increases in population and increases in employment, which is driven more by household population and employment than prices. Even when natural gas sells at a premium to oil, the Company has managed to expand its market share over time. In the Company's experience, the demand for natural gas is driven primarily by strong markets for new and remodeled housing, equipment replacement and the customer loyalty factor.